

“Impossible is not IMPOSSIBLE”

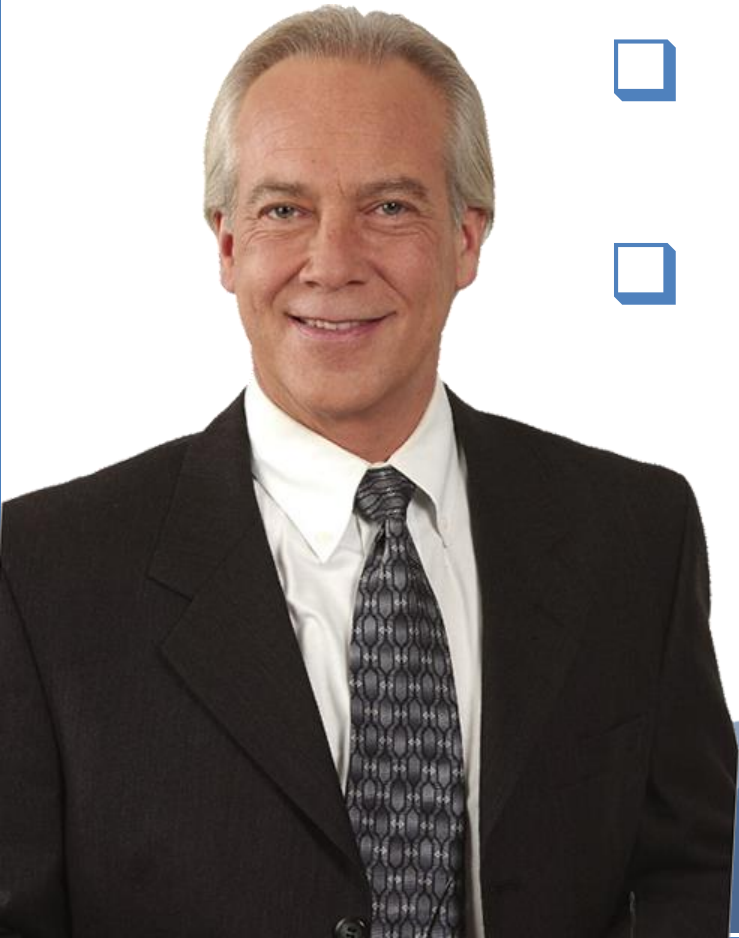
Omar C. Reid
Director,
Human Resources Department
City of Houston
(832) 393-6056
Omar.Reid@houstontx.gov





LeadingChange

- Transformative
- Innovative
- Disruptive



Problems we faced

- Transactional Focused Organization
- Decentralized Operations with Inconsistent Processes
- Risk Averse Culture Highly Dysfunctional
- Command and Control Leadership Model
- Lack of Technology Analog Processes in a Digital World
- 50 – 70 million dollar budget deficit



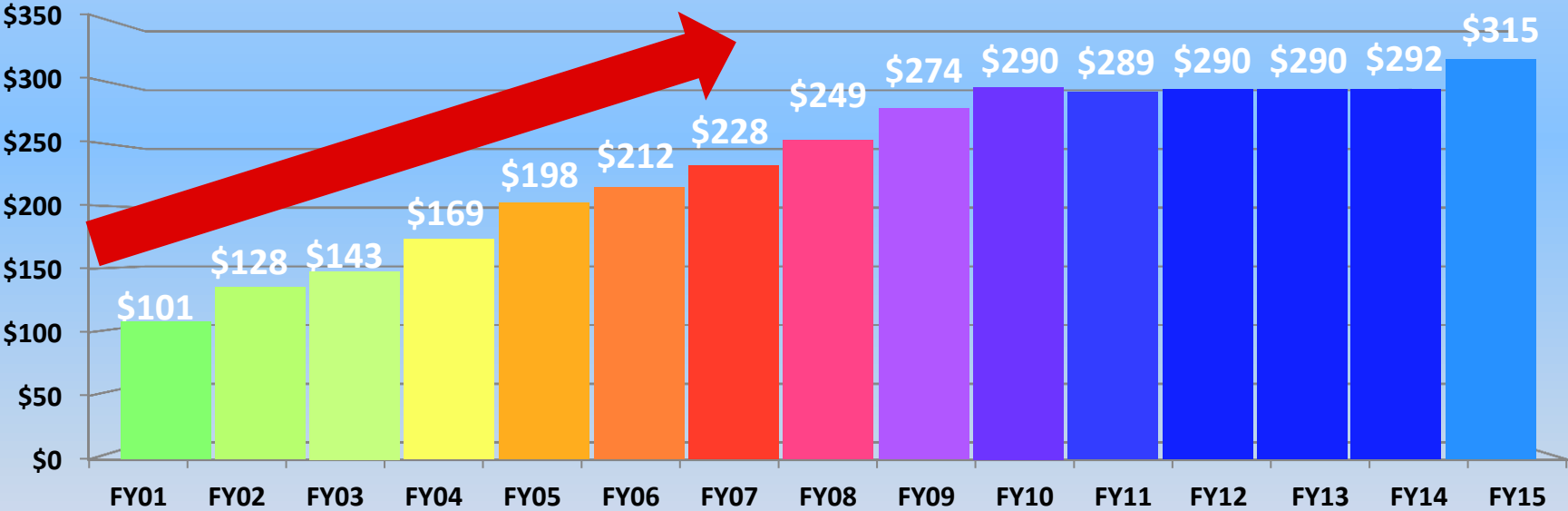
**Houston, we have a
serious problem!**



SURPLUS

Health Care Costs Trend

Health Benefits



Health Plan Expenditures (in millions)

Where I Came From UPS



Logistics

Technology

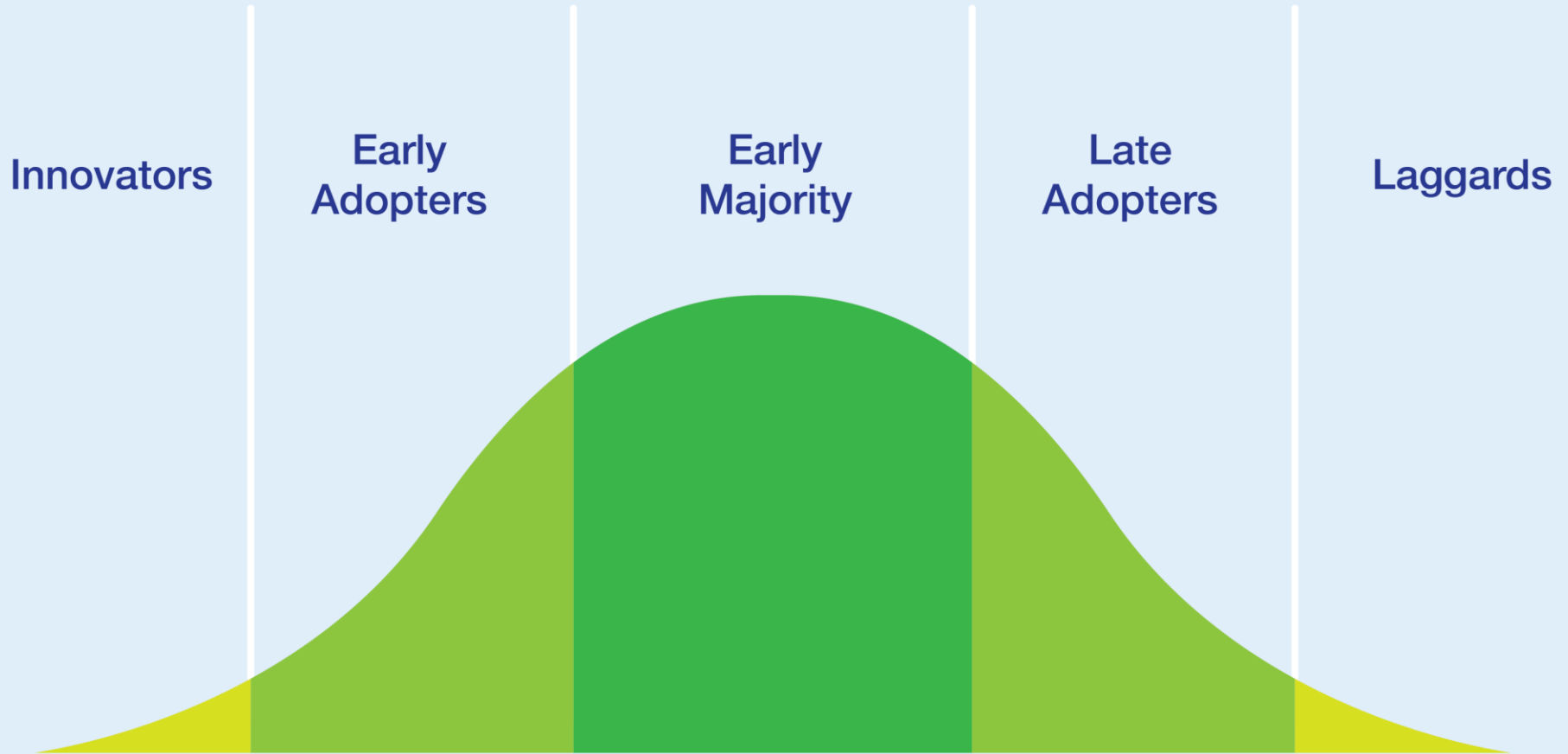
Engineering



Ritchie Parker Video

<https://www.youtube.com/watch?v=qjLDMBDPCEY>

The Law of Diffusion of Innovation



THE STRATEGY

*“Plan To Win, Prepare To Win,
Expect To Win”*

The Strategy

Bottom line: Improved Health

=

Higher Cost Avoidance and Higher Productivity

- **Change Culture**
 - **Initiative - Reactive to proactive**
 - **Prevention – Primary Care not ER**
 - **Education & Own - Employees assume accountability**
- **Gather & Analyze data - HRA and biometrics**
- **Focus on Opportunities – Improved Health**

THE PARTNERS

*“Everyone Is Entitled To His Or
Her Own Opinion
Everyone Is Not Entitled To His Or
Her Own Facts”*

Winning Partnership

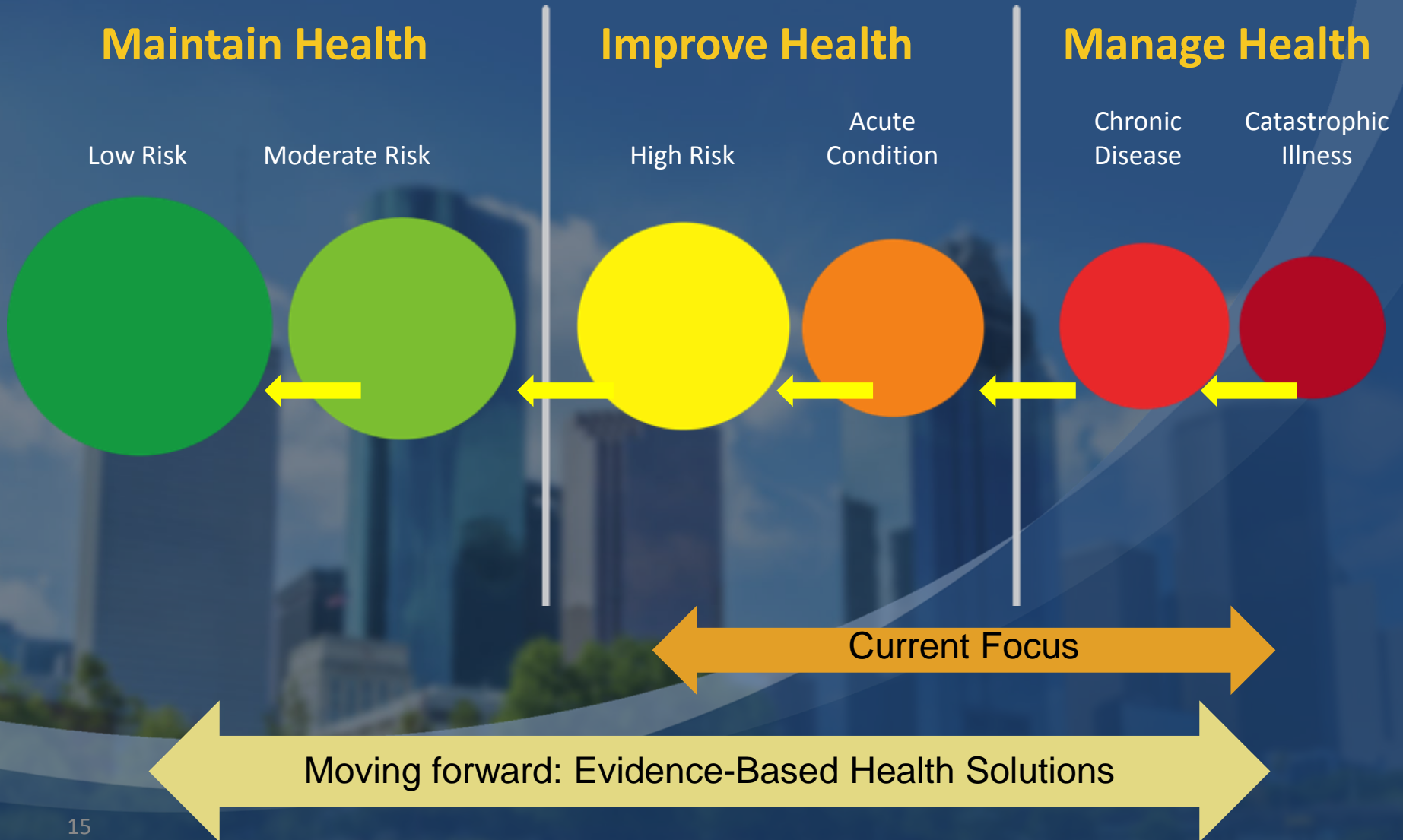
Strategic Planning + Right Partners = Success



INNOVATION – DISRUPTIVE CHANGE

“Vision Is Seeing Beyond What You Can See”

Innovate: Segmenting Populations



Innovate – Plan Design Structure

- **Moved from fully-insured to self-insured**
- **Designed and implemented three new options:**
 - **The Limited Network (3 IPAs)**
 - **Cigna Open Access**
 - **Consumer-Driven Health Plan**
- **Renegotiated capitation rates**
- **Developed concrete performance guarantees**

Innovate - Data-Driven Decision-Making Process

Strategic approach to managing data:

- **Utilization**
 - Monthly medical/pharmacy plan utilization data collection and review
 - Monthly dashboards
 - Quarterly data review meeting with TPA
- **Medical/Pharmacy Plan Spend**
 - Daily flash financial report on medical plan spend
 - Quarterly data review meeting with TPA

Disruptive Change - Stick, NOT Carrot Approach

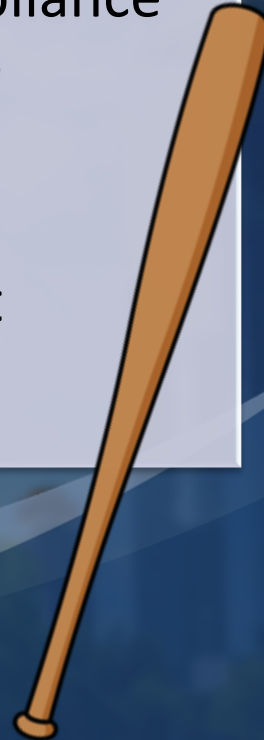
**Year 1:
2009-2010**

- \$50 incentive to complete
- 9% compliant



**Year 1-3:
2011-2013**

- \$25 monthly non-compliance surcharge
- 89-90% compliant



**Year 3-5:
2013-15**

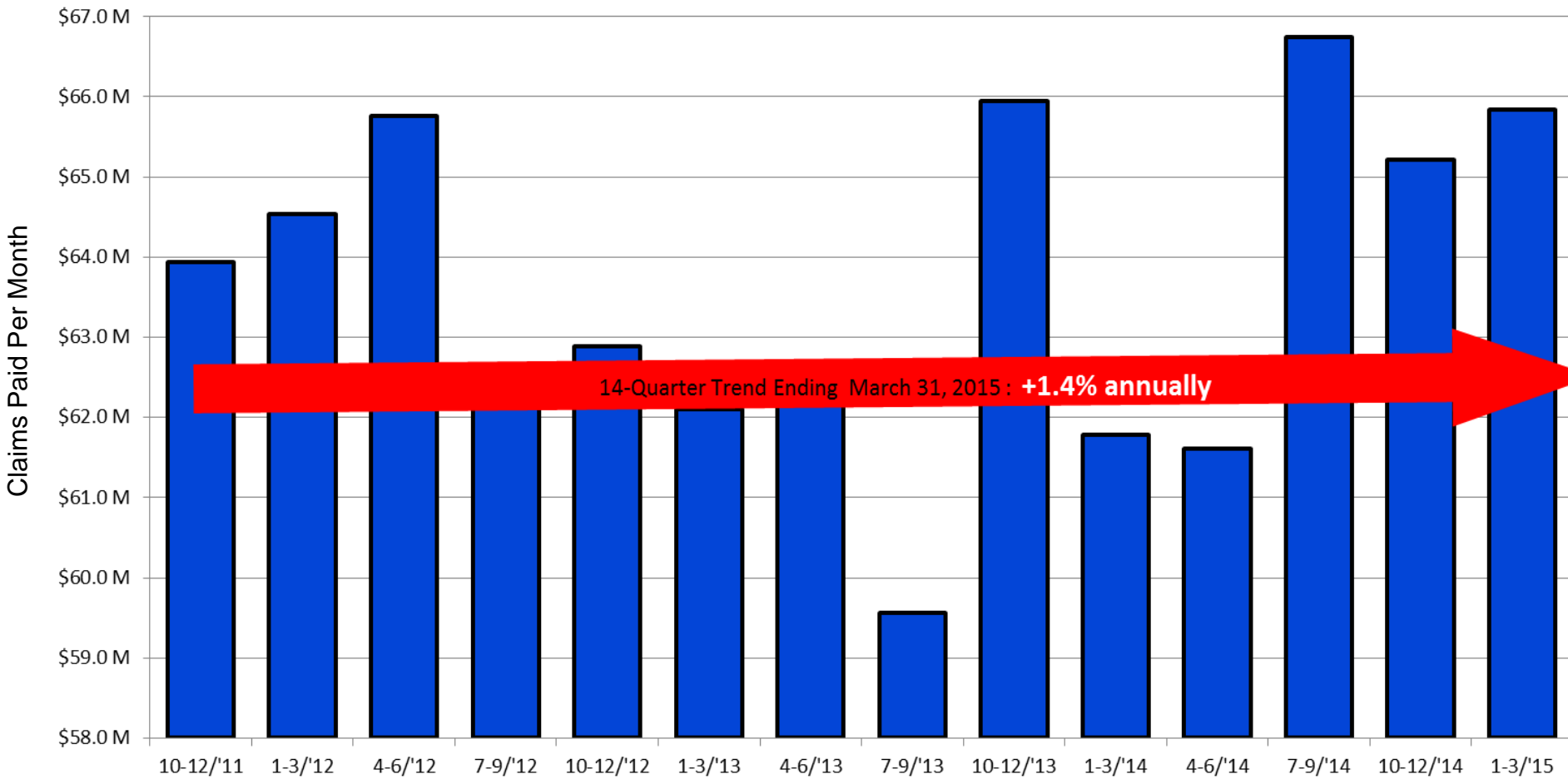
- \$25 monthly compliance discount
- 88% compliant



Disruptive Change – Using Data to Drive Outcomes

- **Targeted Outreach - Gaps in Care Program**
- **FREE generic Diabetes, Hypertension, Asthma, Cardio-vascular & Cholesterol medication through mail order**
- **City-wide Campaign: ER vs. UC**
- **Enhanced Chronic Disease Program Management**
- **Track and measure participation and participant health outcome**

City of Houston Cost Trend



Note: Trend rate is calculated from the claim costs per employee per month using a least squares regression analysis. Claims represent total City of Houston expenditures including pooled claims but excluding claims for Grand retirees and for Vision. No adjustment is made for plan design changes over the period. Experience from May through August 2011 is excluded due to influence of BCBS run-out.



Law of Diminishing Intent

Law Of Diminishing Intent



